

# OPEN MEETING



## MEMORANDUM

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TO: THE COMMISSION

FROM: Utilities Division

DATE: January 7, 2003

RE: TOUCH 1 COMMUNICATIONS, INC. FOR AN INCREASE IN TRAVEL CARD SURCHARGE (DOCKET NO. T-03088A-02-0719)

AZ CORP COMMISSION  
DOCUMENT CONTROL

On September 20, 2002, Touch 1 Communications, Inc. ("Touch 1") filed tariff revisions to its A.C.C. No. 1 tariff. On September 20, 2002, Touch submitted revised tariff pages on Travel card surcharge. These changes add a surcharge of \$ 1.25.

Since this filing increases the maximum rate for a component of a service that has been classified as competitive under the Commission's Competitive Telecommunications Services Rules, Arizona Administrative Code Rule R14-2-1110 applies to Touch 1 proposal. Staff requested information from Touch 1 to allow it to determine the potential effects of approval of the filing. Touch 1 provided information that indicates that the expected revenue effect of this filing is an increase of less than 1 percent in Touch 1's Arizona revenues.

Touch 1 has authority to provide the same service and rates in the continental US. Staff has reviewed rates with other major companies in Arizona and find that they are comparable with the rates proposed by Touch 1.

Touch 1 provided evidence to Staff that it has provided customer notification in accordance with Commission rules. Staff has reviewed the customer notification provided and does agree that it is consistent with Commission policy.

The rates contained in this filing are for services that have been classified as competitive by the Commission and are now subject to the Commission's Competitive Telecommunications services rules. Under those rules, rates for competitive services are not set according to rate of return regulation standards.

Staff obtained information from Touch 1 regarding its fair value rate base. The fair value rate base of Touch 1 is zero. However, the rate to be ultimately charged by Touch 1 will be heavily influenced by the market. Because of the nature of the competitive market and other factors, a fair

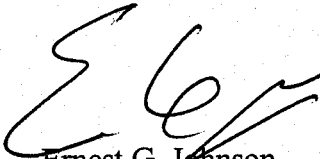
THE COMMISSION

January 7, 2003

Page 2

value analysis is not necessarily representative of the company's operations. Therefore, while Staff considered the fair value rate base information submitted by Touch 1, it did not accord that information substantial weight in its analysis of this matter.

Staff recommends approval of this filing.

A handwritten signature in black ink, appearing to read 'EGJ', is written over the printed name of Ernest G. Johnson.

Ernest G. Johnson

Director

Utilities Division

EGJ:AMG:rdp/JDG

ORIGINATOR: Anthony Gatto

Touch 1 Communications, Inc. is proposing the following changes to its rates and charges:

- a. Maximum rate \$1.56
- b. Actual rate \$1.25

Touch 1 will implement a calling card surcharge of \$1.25 per call. This charge will be applied to the first minute (only) of each calling card call. The flat-per minute rate remains at \$.28 per minute for the first minute and each additional minute thereafter.

These changes may increase your total charge. These changes will be voted on at a future Open Meeting of the Arizona Corporation Commission. These changes will become effective only upon approval by the Commission. If you have any questions, please contact Janett Smith at 1-800-286-6421. If you have further questions, you may contact the Consumer Services Section of the Commission at 602-542-4251 or 1-800-222-7000 or you may go to its website at <http://www.cc.state.az.us>

BEFORE THE ARIZONA CORPORATION COMMISSION

1 WILLIAM A. MUNDELL  
2 Chairman  
JIM IRVIN  
3 Commissioner  
MARC SPITZER  
4 Commissioner  
MIKE GLEASON  
5 Commissioner  
JEFF HATCH-MILLER  
6 Commissioner

7 IN THE MATTER OF TOUCH 1 COMM- )  
UNICATIONS, INC., FOR AN INCREASE )  
8 IN TRAVEL CARD SURCHARGE )

DOCKET NO. T-03088A-02-0719

DECISION NO. \_\_\_\_\_

9 ORDER

10 Open Meeting  
January 14 and 15, 2003  
11 Phoenix, Arizona

12 BY THE COMMISSION:

13 FINDINGS OF FACT

14 1. On September 20, 2002, Touch 1 Communications ("Touch 1") filed tariff revisions to  
15 its A.C.C. Tariff No. 1:

16 Arizona Tariff No. 1

17 Page 26, Release 2

18 2. On September 20, 2002, Touch 1 filed new revised tariff pages with regard to the Travel  
19 Card Surcharge.

20 3. These new changes add a \$1.25 surcharge on its Travel Card.

21 4. Since this filing increases the maximum rates for a component of a service that has been  
22 classified as competitive under the Commission's Competitive Telecommunications Services Rules,  
23 Arizona Administrative Code Rule R14-2-1110 applies to Touch 1 Long Distance's proposal. Staff  
24 requested information from Touch 1 to allow it to determine the potential effects of approval of the  
25 filing. Touch 1 provided information that indicates that the expected revenue effect of this filing is an  
26 increase of less than 1 percent in Touch 1's Arizona revenues.

27 ...

28 ...

6. The rates contained in this filing are for services that have been classified as competitive by the Commission's Competitive Telecommunications services rules. Under those rules, rates for competitive services are not set according to rate of return regulation standards. Staff obtained information from Touch 1 regarding its fair value rate base. The fair value rate base of Touch 1 is zero. However, the rate to be ultimately charged by Touch 1 will be heavily influenced by the market. Therefore, while Staff considered the fair value rate base information submitted by Touch 1, it did not accord that information substantial weight in its analysis of this matter.

## CONCLUSIONS OF LAW

17           3.       The Commission, having reviewed the tariff pages (copies of which are contained in the  
18 Commission's tariff files) and Staff's Memorandum dated January 7, 2003, concludes the tariff is  
19 reasonable, fair and equitable, and is therefore in the public interest.

28

ORDER

IT IS THEREFORE ORDERED that the Touch 1's Arizona Tariff No. 1, Page 26 be and hereby is approved.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

**BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

\_\_\_\_\_  
BRIAN McNEIL  
Executive Secretary

DISSENT: \_\_\_\_\_

EGJ:AMG:rdp/JDG

1 SERVICE LIST FOR: Touch 1 Long Distance  
2 DOCKET NO. T-03088A-02-0719

3 Ms. Janett Smith  
4 Touch 1 Communications, Inc.  
5 Post Office Box 10751  
6 Atmore, Alabama 36504-5751

7 Mr. Christopher C. Kempley  
8 Chief Counsel  
9 Arizona Corporation Commission  
10 1200 West Washington  
11 Phoenix, Arizona 85007

12 Mr. Ernest G. Johnson  
13 Director, Utilities Division  
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